

The Larimer County Enterprise Zone

Project Self-Sufficiency of Loveland-Fort Collins

Contribution Tax Credit

What Is the Larimer County Enterprise Zone?

An Enterprise Zone is a state-designated area in need of economic growth and diversification. It provides various state income tax credits to encourage the private sector to invest resources to create or maintain jobs within the Enterprise Zone area. Certain portions of Fort Collins, Loveland, Wellington, and Berthoud are within the zone.

The Contribution Credit

The Colorado State Legislature has established a number of tax credits to benefit Enterprise Zone investors, but the most generous allows a 25% state income tax credit for private contributions to an Enterprise Zone project (agency) that will assist in implementing that zone's Economic Development Plan. *Project Self-Sufficiency in Loveland and Fort Collins* has been designated by the State Economic Development Commission as a project that helps implement the area's Economic Development Plan.

If you choose to make a cash donation to *Project Self-Sufficiency*, **you will receive 25 % of that amount as a credit against your state tax liability.** The contribution also may be itemized on your federal tax return.

The Larimer County Enterprise Zone recognizes non-cash donations, as well. Gifts of property, stocks, or other in-kind donations may qualify for state tax credits, but non-cash contributions are limited to a 12.5% credit, rather than the 25% allowed for a cash donation. **NOTE: At this time, Project Self-Sufficiency is not processing in-kind donations for the tax credit, EXCEPT for stock donations, which are eligible for the 12.5% tax credit.**

Taxpayer Benefits

As a Colorado taxpayer, the Enterprise Zone Contribution Tax Credit benefits you in several ways:

- It decreases the amount of taxes you owe.
- It gives you an opportunity to invest in your community.
- It lets **you** direct the use of your dollars in ways that have more immediate and personal meaning for you and your family.

Community Benefits

The Enterprise Zone Contribution Tax Credit offers several benefits to the community:

- It represents an additional source of funds.
- It can be received at any time during the year.
- It comes from a donor who has a personal interest in the project.
- It triggers other investment in the community, thus helping to stabilize the local economy.

Other Benefits

Your state and local elected representatives who have continually supported the Enterprise Zone concept can see that the idea really works, that economic and community development can be significantly enhanced through contribution tax credits.

Your contribution, added to others, represents a sizeable and permanent commitment to *Project Self-Sufficiency*. This local commitment makes it more attractive for other funding agencies to justify investment in your project, as well.

The use of your contribution for community projects relieves demands on other revenue sources, which may then be used for needed programs and services which may not have alternative resources.

Ready To Claim Tax Credits?

To be eligible for the Enterprise Zone Contribution Tax Credit, your contribution check must be made out to and submitted to *Project Self-Sufficiency*. A minimum contribution of \$250 is required for *Project Self-Sufficiency* to process the contribution form. Smaller contributions are always welcome, but those would not be eligible for the 25% tax credit.

In return for your contribution, you will receive a certification, a copy of which you attach to your state income tax return. Any state credit not used in the current year can be carried forward for up to five years.

Want Additional Information?

For more detailed information about the Larimer County Enterprise Zone, about the Contribution Tax Credit or designated Enterprise Zone projects, or about any of the other available Enterprise Zone Tax Credits, contact:

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Or visit www.Larimerworkforce.org and click the Enterprise Zone button

An Example:

The following is one example of what can happen by investing your state income tax liability in local projects:

You have a Colorado State Tax liability of..... \$5,000.00
If you make Contribution(s) to local EZ project(s) totaling \$10,000, you will receive a 25% tax credit of(2,500.00)
Your net tax benefit from Schedule A of your federal return allows you a state deduction of 4.63%,
which is (463.00)
Leaving you a net Colorado liability of..... \$2,037.00

You receive an additional federal benefit from Schedule A for your contribution deduction of\$10,000.00
Multiplied by the federal tax rate of28%
Which gives you a net federal tax benefit of \$2,800.00

Your total contribution of.....\$10,000.00
Gives you a reduction of Colorado state tax liability in the amount of..... (2,963.00)
And a reduction of your federal tax liability in the amount of (2,800.00)
The net cost of your \$10,000 contribution(s) to local EZ project(s) as a taxpayer is..... \$4,237.00

Remember—this is just an example of what can happen. You should contact your own tax preparer for specific benefits related to your individual contribution(s). Gifts of property or stocks also may qualify for tax credits.